

Message Text

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ACTION OPR-02

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PARIS PASS TO USOFB RFC

DEPT FOR A/OPR; COPY FOR NEA/PAB FOR R.T. CURRAN

REF A. KABUL 332; B. KABUL 271 (PARA 2); C. KABUL 141;
D. 75 PARIS 3945

1. PASHTANG BANK USED THE RATE OF 55.25
AFGHANIS PER U.S. DOLLAR INSTEAD OF 57 FOR DEPOSITS
OF 120,000 DOLLARS AND 50,000 DOLLARS
DESPITE OUR POSITION THAT THIS WAS UNFAIR. OUR POSITION WAS
DELIVERED IN POLITE BUT FIRM TERMS TO BOTH THE VICE
PRESIDENT OF THE PASHTANY BANK AND TO THE ACTING PRESIDENT
OF THE DA AFGHANISTAN BANK, THE DE FACTO CENTRAL BANK.

2. PASHTANY FIRST RECEIVED BANK OF AMERICA PARIS CABLES
ON THE 27TH AND 29TH OF DECEMBER, A CONFIRMING CABLE FROM
BOA, NEW YORK, AND FURTHER CONFIRMATION IN THE FORM OF
SEEING ON JANUARY 7 PARA 3 OF REF D. AT THOSE TIMES THE RATE
WAS 57. NONETHELESS, PASHTANY INSISTS UPON THE LOWER RATE
OF 55.25 CONTENDING THAT IT DID NOT FINALLY RECEIVE A
CORRECTLY TESTED CABLE FROM BANK OF AMERICA, NEW YORK
UNTIL JANUARY 11 AT WHICH TIME THE RATE OF 55.25 WAS
IN EFFECT.

3. SINCE MID-NOVEMBER THERE HAS BEEN AN AMALGAM OF LOCAL
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BANK INEFFICIENCY AND FOOT-DRAGGING, COMPLETED WITH DELAY IN

TRANSMISSION RECEIPT OF BANK DESPOSTIS FROM RFC, PARIS THROUGH NEW YORK TO KABUL. THERE WAS A SHORTAGE OF CURRENCY IN THE BANKS. THERE APPEARED TO BE WIDESPREAD DISTRUST OF THE BANK NATIONALIZATION PROCEDURES IN PROCESS AND A FLIGHT TO HANDLING BUSINESS OUTSIDE OF BANK CHANNELS ON A CASH BASIS. WE SUSPECT THAT THE SHORTAGE OF CURRENCY WAS BEHIND PASHTANY'S RELUCTANCE TO ACCEPT CABLE TRANSFERS FROM PARIS AND "UNTESTED" CABLE FROM NEW YORK. UNFORTUNATELY FOR US THERE WAS SOME UNDOUBTED DELAY ON THE PART OF BANK OF AMERICA, NEW YORK AND THERE STILL IS CONFUSION CONCERNING A DEPOSIT OF 100,000 DOLLARS SENT ON SEPTEMBER 4 BUT WHICH HAS NEVER BEEN CREDITED TO RFC'S ACCOUNT HERE SO FAR AS WE CAN TELL (REF B). NONETHELESS, IT IS OUR CONSIDERED OPINION THAT A MAJOR CAUSE OF OUR BANKING PROBLEMS OVER AND ABOVE THE PROBLEMS IN PROMPT TRANSMISSION OF DEPOSITS IS A LACK OF EFFICIENCY AND A DEGREE OF UNRESPONSIVENESS TO MISSION REQUIREMENTS ON THE PART OF PEASHTANY BANK.

4. THE BUSINESS COMMUNITY IN KABUL REGARDS BANK MILLE AS CONSIDERABLY MORE EFFICIENT THAN PASHTANY. AHTHOUGH WE HAVE NOT HAD ANY DIRECT EXPERIENCE WITH MILLE AS A DEPOSITORY, WE RECOMMEND SERIOUS CONSIDERATION BE GIVEN TO TRANSFERRING THE RFC ACCOUNT THERE. WE ARE PREPARED TO OPEN DISCREET INFORMAL DISCUSSIONS WITH MILLE IF ACCEPTABLE TO U.S. TREASURY. PLEASE ADVISE.

ELIOT

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